

21 JAN 1974

MEMORANDUM FOR: Deputy Director of Logistics

SUBJECT : Recommendations of the PPA/PRA Study Group-
Supply Division Comments

I GENERAL

A. This paper discusses the Supply Division (SD) position vis-a-vis the recommendations made by the PPA/PRA Study Group and contains a recommendation for your approval in the concluding paragraph. Any analysis of alternatives to our present PPA/PRA system demands that certain basic elements of procedural guidance be accepted if we are to maintain the integrity of the system of accountability adopted. They are defined as follows:

1. Stock:

a. Captive - Those items for which budget responsibility, materiel management, technical cognizance, and authority for drawdown are vested in one office.

b. Common - Those items which are utilized by two or more requisitioning activities (users) with materiel management vested in a single component and technical cognizance exercised by an appropriately designated office. Budget responsibility rests with the requisitioner (user).

ILLEGIB

2. Materiel Management: Quantitative accountability maintained through an adequate system of transaction and inventory control either manually or semiautomatically (GIM II/ICS).

3. Single Manager: Materiel management of specific items or classes of items in an appropriately designated manager. (This does not include budget responsibility or technical cognizance, although these elements may be assigned to a single manager.)

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4. Budget Responsibility: Monetary estimates (budgets) prepared in response to authoritative Program Calls by the user.

5. Inventory Budgeting: Pertains only to "captive" stock.

6. Requisitioning Authority: That authority vested in components allowing appropriately allotted monies to be converted into personal property.

7. Direct Procurement: Requests for materiel not maintained in the Agency's "stock system" for which procurement action must be undertaken which results in a direct fund charge to the requisitioner (user).

8. Stock Allocation: Stocks reserved for a particular Agency component or project. (It does not pertain to materiel management, technical cognizance, or budget responsibility.)

B. After reviewing the recommendations made (in draft) by the PPA/PRA Study Group, we feel that the disadvantages of our present system and the extensive system revision required to accept a completely capitalized or revolving fund procedure does, at least at present, eliminate them from further consideration. Thus, only the "Direct Funding" and "Modified PPA/PRA" proposals are considered responsive to the Study Group charter. However, the "Revolving Fund" alternative and its interface with current and proposed ADP procedures, as they pertain to the property system, should be evaluated in depth with a view towards future consideration for adoption.